



2001

Massachusetts

Department of

Revenue

# Schedule E-2 Loss Carryover Deduction

Name	Federal Identification number
------	-------------------------------

## Part 1. General Net Operating Loss Carryover

(a) Return		(b) Loss	(c) New corporation NOL carryover	(d) Losses used	(e) Loss available (b) + (c) minus (d)
Year	Schedule E				
<b>1</b> 1996	Line 12				
<b>2</b> 1997	Line 12				
<b>3</b> 1998	Line 12				
<b>4</b> 1999	Line 12				
<b>5</b> 2000	Line 12				
<b>6</b> Total loss available (column (e) lines 1, 2, 3, 4 and 5) .....					
<b>7</b> Net income (from 2001 Schedule E, line 9) .....					\$
<b>8</b> Loss carryover deduction. Line 6 but not greater than line 7. Enter here and in Schedule E, line 13 .....					\$

## Part 2. New Corporation Net Operating Loss Carryover

**Do not complete if taking the deduction in Part 1.** Use only if organized after 1996, if 50% or more of voting stock is not owned by any other corporation and if Massachusetts loss was in 1997, 1998, 1999 and/or 2000.

Date of organization _____ Attach complete U.S. schedule of loss carryback and carryforward computation.						
(a) Return		(b) Massachusetts loss	(c) General NOL carryover	(d) U.S. carryback to prior years	(e) Losses used	(f) Loss available (b) + (c) minus (d) + (e)
Year	Schedule E					
<b>9</b> 1997	Line 12					
<b>10</b> 1998	Line 12					
<b>11</b> 1999	Line 12					
<b>12</b> 2000	Line 12					
<b>13</b> Loss carryover deduction (column (f) lines 9, 10, 11 and 12.) Enter here and in Schedule E, line 13 .....						<b>13</b> \$

## Instructions

Massachusetts allows **two** different loss carryover deductions. **A corporation may take only one of these deductions.** If the corporation qualifies to take either deduction, the choice between the deductions is left to the corporation's discretion. **Note:** S corporations may take a loss carryover deduction **only** if their total receipts are \$6 million or more. S corporations may only carryover losses incurred in years in which their total receipts are \$6 million or more.

### Part 1

Massachusetts law allows a loss carryover deduction for all corporations, regardless of how long the corporation has been in existence. Corporations will be allowed to carryover for no more than five years (but not carry back) net operating losses (NOL) as defined in I.R.C. sec. 172.

**Column (c).** A corporation may switch between the two NOL deductions from one taxable year to another. If the corporation switches from the New Corporation NOL to the General NOL, any unexpired New Corporation NOL carryover may be added to the available loss for the General NOL. See the Net Operating Loss Deductions and Carryovers Regulation, 830 CMR 63.30.2 (3)(c) for further information.

### Part 2

Massachusetts law also allows a carryover deduction for losses, as determined under I.R.C. sec. 172, incurred during the first five years of a corporation's existence. The following limitations are placed upon this deduction:

- Carryover losses are not allowed to corporations where 50% or more of the voting stock is owned by another corporation (whether or not the owning corporation is taxable in Massachusetts);
- Losses of a foreign corporation incurred before becoming subject to Massachusetts corporate excise liability are not allowed; and
- The deduction can be taken **only** within the initial five-year period.

**Combined filers.** Members of a combined group may share excess New Corporation NOL carryover, after apportionment, with other members who have positive net income in proportion to the amount of income that each member contributes to the combined group. Members who are sharing their excess losses with other group members should deduct the loss amount given to other members in column (b). See the Net Operating Loss Deductions and Carryovers Regulation, 830 CMR 63.30.2(10) and the Combined Returns of Income Regulation, 830 CMR 63.32B.1(9) for further information.

**Column (c).** A corporation may switch between the two NOL deductions from one taxable year to another. If the corporation switches from the General NOL to the New Corporation NOL, any unexpired General NOL carryover may be added to the available loss for the New Corporation NOL. See the Net Operating Loss Deductions and Carryovers Regulation, 830 CMR 63.30.2(3)(c) for further information.